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XTO REV PROD 88 (7-69) PAID UP (04/17/07)B

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 23 day of October 2009; between Quald Wells and wife South Wecks Lessor (whether one or more), whose address is: 7202 Julian 18 January 18 Julian 18 Ju

1. Lessor, in consideration of ten deliars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of sail water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land ediacent thereto. The land covered hereby, herein called "said land," is located in the County of Tarrant, State of Texas, and is described as follows:

See Attached Exhibit "A"

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to er adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired fills or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of say land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain the acres of determining more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lesse and all rights and options hereunder.

- 2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
- upon said land with no cessation for more than ninety (90) consecutive days.

 3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lesser, in the pipe line to which Lessee may connect its wells, as equal 25% part of all oil produced and saved by Lessee from said land, or from line to time, at the option of Lessee, to pay Lessor the equal 25% part of such oils the wells as of the day it is run to the pipe line or storage tanks. Lesser's misrest, in ether case, to bear 25% of the cost of frealing oil to render it marketable pipe line oil; (b) To pay Lessor on pas and casinghead gas produced from said land (f) when sold by Lessee, 25% of the amount railized by Lessee, computed at the mouth of the well, or 25% of such gas and casinghead gas; (c) To gay Lessor or all other minerals mined and marketed value, at the mouth of the well, or 25% of such gas and casinghead gas; (c) To gay Lessor or all other minerals mined and marketed or utilized by Lessee from said land, 25% either in kind or value at the well or mineral classee; election, except that on subthur mineral and marketed the royalty shall be one dollar with which said land or any portion thereof has been pooted, capable of producted on said land for shall produce a shall, thereafter this lease shall, thereafter this lease may be continued in long as drive being conducted on said land for ship long as said wells are shull-in, rain lease shall, thereafter this lease may be continued in long as drive being conducted on said land for ship long as said wells are shull-in, rain lease that the product utilize, or market the minerals capatile of being produced. Lessee coverants and agrees to use reasonable diligence to be obligated to install or furnish facilities other than well produced from said wells, but in the exercise of such diligence. Lessee shall not insert agreement and lease tank, and of the promising of the recurred to settle labor manife of being them well acceptable arm ordinary lease facilities of them times as first the expirat
- hereoff in the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to borrage owned by each.

 4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease, with any other land, lease, or leases, as to end or all minerals or horizons, or as to establish units containing not more than 680 surface acree, pius 10% acreage tolerance, provided, however, units may be established units containing not more than 680 surface acree, pius 10% acreage tolerance, provided, however, units may be established units containing not more than 680 surface acrees pius 10% horizons, or existing inheld to one or more of the following; (1) gas other than casinghead gas, (2) flightly hydrostation agreement, and the surface acrees pius 10% horizons, or existing inheld to one or more of the following; (1) gas other than casinghead gas, (2) flightly hydrostation agreement, and the surface acrees pius 10% horizons, or existing units than any reservoir, (3) minerals produced from wells classified as gas wells by the conservation agreement and the surface acree pius 10% provided provided from the surface acree pius 10% provided provided from any well to be drilled, drilling, or already critice, and such as a surface acree pius 10% provided from any well to be drilled, drilling, or already critice, and such as a surface provided from a surface provided from the surface provided provided from any well to be drilled, drilling, or already critice, and surface acree provided provided from surface and filling if for record in the public office in which this lease in on as to each desired unit by executing an instrument or instruments but if said instrument or instruments but if said instrument or instruments are so filled of record. Each of said ophorism any parts of the surface acree in the public office in which this lease in one of said land included in the unit, or on other land unitized the

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or honzon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillisite location or access road, drilling, testing, completing, reworking, recompleting, deepening, sidetracking, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
- 7. Lesses shall have the use, free from royalty, of water, other then from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lesses shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 500 feet to the house or barn now on said land without the consent of the Lesser, Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- S. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, however effected, shall increase the abligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied. Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lesser. The service of said notice shall be precedent to the bringing of any action by Lessee in said lease for any cause, and no such action shall be brought until the lasks of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the elleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lesse is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less that forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square certified at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a proided unit on which there are operations. Lessee shall also have such existing surface tecilities necessary to operations on the acreage so retained and shall not be required to move or remove any existing surface tecilities necessary or convenient for current operations.
- 10. Lesser hereby warrants and agrees to defend little to said land against the claims of all persons whomsoever. Lesser's rights and interests hereunder shall be charged primarily with any mortgages, takes or other liens, or interest and other charges on said land, but Lesser agrees that Lesser shall have the right at any time to pay or reduce same for Lesser, either before or efter maturity, and be subrogated to the loghts of the holder thereof and to deduct amounts so paid from rovatiles or other payments payable or which may become payable to Lesser and/or assigns under this lesse, if this lesse covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is tiertin specified or ed), or no interest therein, then the royalties and other moneys accroming from any part as to which this lesse covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royally interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the parmary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred. had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, povernmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Leasee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on said land or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of said land or off of lands with which said land are pooled in accordance with this lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this tease except as expressly stated.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR(S)

orald wells

This instrument was acknowledged before me on this 23 day of October 2009 by Doual Liveus may be ten

EXHIBIT "A"

LEGAL DESCRIPTION

Lot 12, Block 1, of Fossil Lake, Section Two, an addition to the City of Arlington, Tarrant County, Texas, according to the Plat thereof recorded in Cabinet A, Slide 7346, Plat Records, Tarrant County, Texas.

NO SURFACE USE

Notwithstanding anything contained herein to the contrary, Lessee hereby waives and releases all surface rights of every kind and nature acquired under this lease. Lessee shall not conduct any surface operations whatsoever upon the Leased Premises. However, this waiver of surface rights shall not be construed as a waiver of the right of Lessee to exploit, explore for, develop, or produce such oil or gas with wells drilled from outside of the leased premises and in no event may the drilling activity penetrate the land at a depth of less than 500 feet below the surface.